

# ANNUAL REPORT 2021 OF 'PENSIONSKASSE UNILEVER SCHWEIZ'

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## Overview of the 2021 financial year

Developments in 2021 and outlook for 2022

Balance sheet and profit & loss account

Insured population

Organisation of the 'Pensionskasse'

Thayngen, June 2022



## Review 2021

Forecasts are difficult and rarely come true as predicted. This wisdom also shaped the year 2021, more than most people would have liked. Fear and panic dominated the markets for a long time, until it finally became apparent that the pandemic was subsiding. The markets reacted promptly and reached new highs at the end of the year, despite the fact that supply chains continued to be severely battered and inflation and higher interest rates were on the horizon. Central banks remained side-lined and did not intervene - with grave consequences for this year. In addition, the war in Ukraine, which was thought to be unthinkable, started in February. The markets thus remain extremely volatile.

The Unilever Switzerland Pension Fund ended the pandemic year with a pleasing result. The degree of coverage was increased slightly and our financial situation is extremely sound. In spite of this news, farsightedness is required. As a pension fund, we are facing known challenges, such as the low interest rate environment, the ongoing redistribution from active members to pensioners, and rising life expectancy. In order to maintain the level of the promised pensions and safeguard these for future generations, we need to invest wisely and take appropriate measures.

At two ordinary and 3 extraordinary foundation board meetings of the Unilever Switzerland Pension Fund, the main agenda items, such as the approval of the 2020 annual accounts, the returns on assets, the interest on retirement assets and various regulation adaptations were discussed.

During the reporting year, the total number of members decreased by 69, of which 27 were active members and 42 were pension recipients. As of the end of 2021, the ratio between active employees and pensioners is 27.0% to 73.0% and has changed slightly to the disadvantage of the active employees in comparison to the previous year. The reduction of active members is mainly caused by natural fluctuation.

The demographic development of the fund has once again been accounted for by the foundation board with a reduction of the technical interest rate for the valuation of the pensioner obligations. As of 31 December 2021, the rate was reduced from 0.50% to 0.00%. A decision for long-term strengthening of the financial stability of the fund.

On the basis of statutory and regulatory provisions, the foundation board decides each year whether and to what extent, if need be, the current pensions need to be adapted to the price increase. The foundation board has decided to waive a general adaptation of the current pensions as of 1 January 2022, as the fund continues to suffer losses with every retirement and has historically had to absorb massive pension losses over decades, which must first be compensated.

On the basis of the good performance in the reporting year, in February 2022, the foundation board decided on additional interest of 4% retroactively. Therefore, the old-age pension assets of all active members of the pension fund on 31 December 2021 will bear interest for the year 2021 totalling 5%

## Asset investments

After a positive investment year 2020 with a performance of 3.1%, the past investment year was again dominated by the pandemic. The financial markets reacted euphorically to its foreseeable end. By the end of the year, the performance was a pleasing 5.1% and thus on benchmark.

## Disclosure of the 2021 voting right for direct investments in Swiss equities

No voting duty exists for the Unilever Switzerland Pension Fund. The investments in Swiss equities occur exclusively through Unilever's own AFP investment fund in a passive index fund with Blackrock. No equities are held directly..

## Pension capital and technical provisions in 2021

The pension capital of the active members increased by 2.3 million in 2021, despite a reduction by 27 active members.

The pensioners' actuarial reserve decreased by 10.9 million, the technical provisions increased by 14.1 million. The valuation of the pensioner obligation and the technical provisions are based on the current balance and current technical principles as of 31 December 2021. The mentioned reduction of the technical interest rate by 0.25 percentage points compensated part of the reduction.

Out of the total pension capital exclusive of technical provisions as of 31 December 2021 of 533.4 million, 17.3% (PY: 16.6%) are allocated to the active employees and 82.7% (PY: 83.4%) to the pensioners.

## Value fluctuation reserve and degree of coverage

The degree of coverage in accordance with Art. 44 BVV 2 [Swiss Ordinance on Occupational Old-Age, Survivors' and Disability Benefit Plans] shows the financial situation of the pension institution. For the investment policy, it is an important indicator for the assessment of the risk capacity.

Despite the positive performance, the 2021 operating statement shows a revenue deficit of 5.9 million after changing the value fluctuation reserve. This was mainly financed from the free funds. These were reduced to zero. Thanks to an increase of 12.2 million in fluctuation reserves, the degree of coverage increased from 120.0% to 121.0%.

The target fluctuation reserve is 21.2% of the technically necessary capital, which amounts to 130.5 million as of 31 December 2021. The target fluctuation reserve at 98.9% stood just a touch below that. The target value fluctuation reserve is calculated by the company Complementa and is 2.2% higher in comparison to 2020. The necessary technical provisions are all formed in the full amount.

## Outlook for 2022

The year 2022 is dominated by rising interest rates and the war in Ukraine. The financial markets are reacting with high volatility, heavy losses on fixed-interest securities and heavy losses on equities. The road back to normality will be an arduous one.

The performance of the Unilever Switzerland pension fund was -6.48% at the end of May 2022.

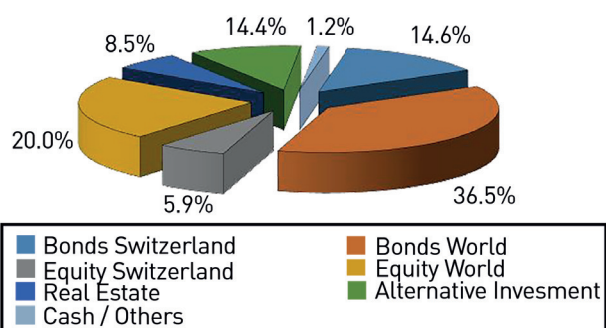
For 2022, a provisional interest rate of 1% is applied, which will be reviewed in spring 2023.

**Balance sheet as at** **31.12.21** **31.12.20**  
(in CHF million)

Cash	1.2	2.3
Accounts receivable and deferrals	0.1	0.0
Investments	777.6	766.4
<b>Total assets</b>	<b>778.9</b>	<b>768.7</b>
Accounts payable and accruals	25.9	28.4
Employer contribution reserve	8.5	8.5
Actuarial reserves and technical provisions	615.4	609.9
Fluctuation reserve	129.0	115.9
Endowment capital/free capital	0.1	6.0
<b>Total liabilities</b>	<b>778.9</b>	<b>768.7</b>

**Investment of assets as at 31.12.2021**  
(in CHF million)

	Strategy	effective	Amount
Bonds Switzerland	10.0%	12.6%	100.2
Bonds World	33.0%	36.5%	284.8
Equity Switzerland	5.0%	5.9%	46.4
Equity World	20.0%	20.6%	160.7
Real Estate	12.0%	8.8%	68.6
Alternative Investment	20.0%	14.4%	109.2
Cash / Others	0.0%	1.2%	9.0
<b>Total assets</b>			<b>778.9</b>



**Annual Performance 2021 by investment categories**  
(in %, + = positive, () = negative)

	Performance	Benchmark
<b>Bonds</b>		
- Switzerland	(1.7)	(1.9)
- Global Sovereign	(4.3)	(0.3)
- Global Credit	(1.9)	(2.1)
- Global High Yield	3.3	1.9
- Global Emerging Markets	(3.5)	(6.9)
<b>Equities</b>		
- Switzerland	22.1	23.4
- Global	19.4	22.2
Real Estate	0.1	(0.4)
Alternative Investments	7.3	2.1
<b>Total</b>	<b>5.1</b>	<b>4.9</b>

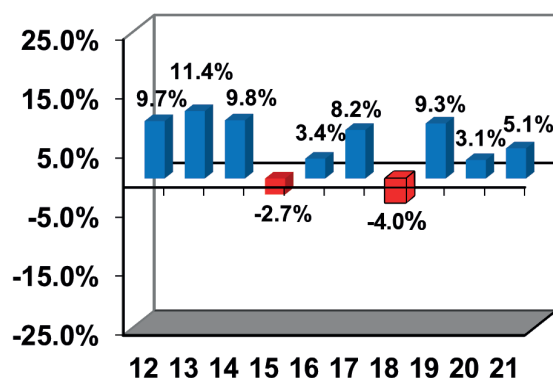
**Profit & loss account** **2021** **2020**  
(in CHF million, + = income, () = costs)

Contributions/individual deposits	11.3	13.0
Transfers upon entries	5.0	1.5
Statutory benefits	(33.5)	(34.3)
Supplementary benefits	(2.4)	(2.7)
Transfers upon exits	(6.7)	(10.7)
Changes in actuarial reserves, technical provisions and employer contributions reserve	(5.5)	13.8
Insurance expenses	(0.5)	(0.1)
<b>Result of insurance activities</b>	<b>(32.3)</b>	<b>(19.5)</b>
Result of investments	38.5	22.7
Other profit	0.2	0.2
Administration costs	(0.2)	(0.2)
Change of the fluctuation reserve	(12.2)	0.7
<b>Annual result</b>	<b>(6.0)</b>	<b>3.9</b>

**Composition of the 2021 result**  
(in CHF million, + = income, () = costs)

Result of investments	38.5
Contributions and transfers upon entries	16.3
Benefits, transfers upon exit	(42.6)
Change in technical reserves, security fund	(5.5)
Other expenses and profit	(0.5)
<b>Result before change fluctuation reserve</b>	<b>6.2</b>
Fluctuation reserve on 1.1.21	115.9
Change 2021	13.1
<b>Fluctuation reserve on 31.12.21</b>	<b>129.0</b>

**Performance of investment of assets 2012 – 2021**

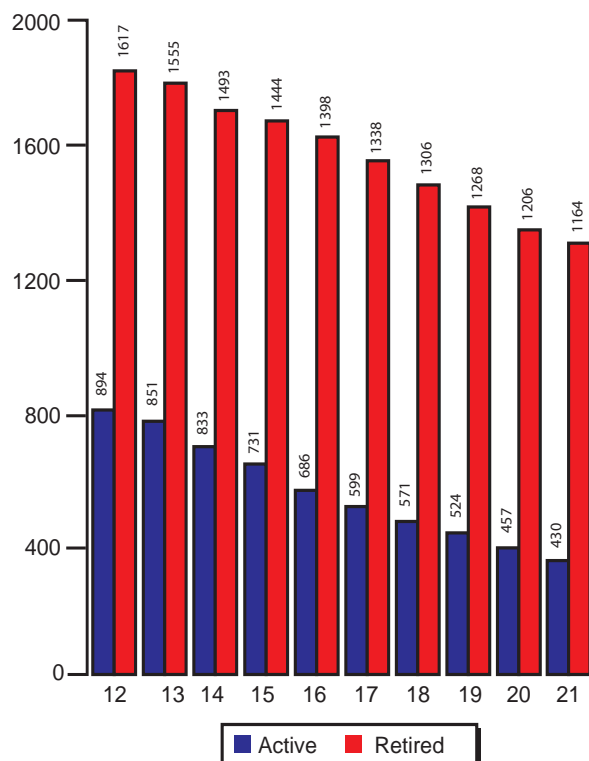


**Important key figures as at 31.12.2021**

Funding ratio	121.0%
Fluctuation reserve	20.9%
Target fluctuation reserve	21.2%
Achieved target fluctuation reserve	98.9%

Pensioners	31.12.21	31.12.20
Elbus / Eswa	28	30
JohnsonDiversey	148	152
Lever Fabergé	103	110
Lipton-Sais, Astra	205	214
Lusso Foods	117	120
Unilever Schweiz Service (incl. Betty Bossi)	32	36
Unilever Cosmetics	4	4
Unilever Schweiz (Knorr, Hirz, Délifrais, Chirat)	523	536
USCC	4	4
<b>Total</b>	<b>1164</b>	<b>1206</b>

### Development of active and retired members 2012 – 2021



### Organisation of the pension fund in 2021

#### Board of trustees

##### Employer representatives

Silke Reimers	Unilever HUB Schaffhausen* President
Nadia Meier	Unilever Schweiz GmbH
Simon Frei	Unilever Schweiz GmbH
Philip Sasse	Unilever HUB Schaffhausen*

##### Employee representatives

Josef Tschigg	Unilever Schweiz GmbH
Andreas Reschek	Unilever Schweiz GmbH
Ernst-Rainer Schönert	Unilever HUB Schaffhausen*
Petra Tirmanova	Unilever HUB Schaffhausen*

Otto Nussbaumer	Pensioners' representative
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#### Investment Committee

Silke Reimers	President Employer-Trustee
Ernst-Rainer Schönert	Employee-Trustee
Petra Tirmanova	Employee-Trustee
Thomas Müller	Member (until 14.6.2021)
Christoph Roos	Member (from 15.6.2021)
Piet van de Kamp	Mitglied

#### Other governing bodies

Pensions Manager	Thomas Müller (until 14.6.2021) Christoph Roos (from 15.6.2021)
Accredited pension actuary	Bálint Keserü, Aon Schweiz AG
External audit	PricewaterhouseCoopers AG
Chief Auditor	Pascal Wintermantel
Supervisory body	BVG- und Stiftungsaufsicht des Kantons Zürich (BVS) Stampfenbachstrasse 63 8090 Zürich

\*HUB Schaffhausen, consisting of:  
 Unilever Supply Chain Company AG  
 Unilever ASCC AG  
 Unilever Business and Marketing Support AG  
 Unilever Schaffhausen Service AG

Further information can be obtained from the pension fund of Unilever Switzerland.

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